



International Agricultural Trade Report

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Middle East and North Africa Exhibit Strong Growth in Soybean Trade

Issue

With U.S. soybean supplies at record levels, increased emphasis is being placed on finding new and growing markets for soybean exports. The Middle East and North Africa region (MENA) is one such emerging market for soybeans and products.

Summary

Soybean imports to MENA are projected to increase 74 percent from 3 years ago, to over 2.1 million tons in 2000/01, with a strong economic growth forecast leading to additional future demand. The U.S. has the opportunity to be a prime beneficiary of this growth in trade, due to its export competitiveness in soybeans. Currently, the U.S. holds a 54 percent market share of soybean trade to the region, despite trade restrictions that have blocked the U.S. from gaining any of the rapidly increasing market in Iran.

Analysis

MENA's Share of World Soybean and Products Trade

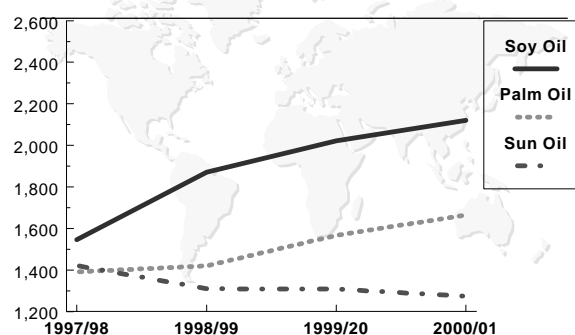
Product	Imports 2000/01 (MMT)	% of world trade	% growth (3 yrs)
Soybeans	2.16	4.5%	74%
Soy Meal	4.01	10.0%	17%
Soybean oil	1.90	26.4%	37%
Vegetable Oil	4.76	14.9%	16%

The Middle East and North Africa combined are expected to account for approximately 10 percent of global soybean and products trade in the 2000/01 marketing year. This is a healthy increase from just 4 years ago when the region represented only 7.5 percent of all trade in soybeans and products. Strong consumption growth for oilseeds in general and soybean products in particular, combined with limited oilseed production capabilities have been behind the increase in trade. Further sectoral growth is anticipated in large part due to a strong regional GDP forecast of between 4 and 6 percent for the next couple of years.

Of all oilseeds and products, the MENA region exerts its greatest influence on the world vegetable oil trade, accounting for 14.9 percent of all vegetable oil imports. That number is even greater when applied only to the soybean oil trade, at 26.4 percent. As world vegetable oil prices have fallen over the past three years, MENA has increased consumption, especially of soybean oil. Soybean oil trade to the MENA region has increased 37 percent over the last three years, and consumption has risen 56 percent. In Egypt soybean oil

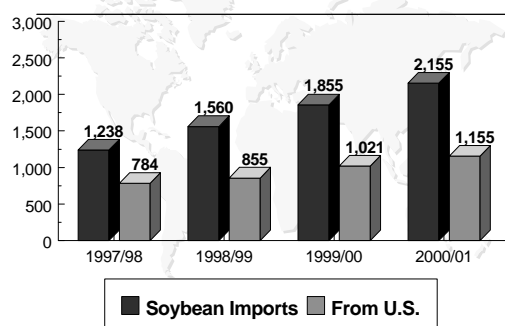
consumption has almost tripled in the last three years, while in Iran soybean oil consumption has doubled over the same period, helping make Iran the second largest single importer behind India. This growth in soybean oil consumption is partially at the expense of sunflowerseed oil, which has seen negative growth over the past three years. Sunflowerseed oil imports are expected to decline in 2000/01 as limited production and supply have created a higher price premium between sun and other oils.

MENA Vegetable Oil Consumption



Soybean meal trade and consumption has risen in recent years, as well, thanks to strong growth in the poultry sector. MENA's poultry consumption has risen 20 percent over three years. The increased demand has been met more by increases in domestic production than by increases in imports of poultry products. More poultry production has meant more demand for protein meals. Additionally, the modernization of the poultry industry has introduced optimal feeding ratios which include more soybean meal than traditional feeds. Overall, soybean meal consumption has increased 27 percent in three years, with the largest demand from Turkey, Egypt, Saudi Arabia and Iran.

Soybean Imports To Increase 74% in 3 Years



In addition to the increased demand for products, a noticeable shift in MENA trade has been the move towards increased soybean imports. Key to this increase has been an expansion in the crushing capacity throughout the region, a trend that is expected to continue. Stable and growing economies in the area are requiring consistently higher levels of both oils and protein meals, and thus local crushing facilities are becoming more viable. In North Africa, new or upgraded crushing facilities have been built in both Algeria and Morocco, while Egypt is expected to open a crushing facility in 2001, that will significantly boost crushing capacity and imports of soybeans. In the

Middle East, a new crushing facility is scheduled to open in Lebanon in 2001, large crushing plants planned in the United Arab Emirates could serve the protein meal and oil needs of several surrounding countries, and Iran is nearing completion of a plant that will more than double its current capacity. Iran is now expected to import over 625,000 tons of soybeans in 2000/01 after taking only a handful of soybeans four years earlier.

The continuing shift from products trade to soybean imports within the region could lead to greater opportunities for U.S. exporters. The U.S. is the leading soybean exporter to the region and will benefit from increased trade in the commodity the U.S. is most competitive. Further, the resulting reduction in growth rates in soybean products trade will have a smaller impact on the U.S., which maintains smaller market shares of both vegetable oil and soybean meal trade, than other exporters such as Brazil and Argentina.

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